

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 STRE-00 USIE-00

AF-06 EA-07 EUR-12 NEA-10 OIC-02 XMB-02 SSO-00 INRE-00

NSCE-00 SAM-01 SIL-01 COM-02 /134 W

----- 105854

O R 031355Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1213

INFO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SECTION 1 OF 3 MTN GENEVA 1583

H PASS CODEL

PASS STR ELECTRICALLY S/S-O NOTIFY HEFFERAN (395-3500)

PASS AGRICULTURE

EO 11652: N/A

TAGS: MTN, ETRD

SUBJECT: US-BRAZIL CONSULTATIVE SUBGROUP ON TRADE

REF: STATE 47247

1. US MTN DEL HAS FOLLOWING COMMENTS ON MTN AND OTHER ISSUES FOR INPUT INTO PREPARATIONS FOR MARCH 11-12 MEETING OF SUBJECT SUBGROUP. (BRAZILIAN MTN DEL HAS BEEN ADVISED BY BRASILIA THAT THESE DATES HAVE BEEN ACCEPTED.)

2. BRAZILIAN TNC PROPOSAL FOR GATT REFORM GROUP. BRAZILIAN  
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MTN DEL OPINED THIS SUBJECT WOULD PROBABLY BE HIGHEST

PRIORITY FOR BRAZILIAN SUBGROUP DEL, EMPHASIZING IT  
DID NOT REPLACE BRAZILIAN UN NORTH-SOUTH PROPOSAL, BUT COULD  
BE CONSIDERED PART OF THAT PROPOSAL.

(A) WE UNDERSTAND GENEVA AMB MACIEL PLANS TO CIRCULATE  
WRITTEN DESCRIPTION OF THIS PROPOSAL SHORTLY AND WE WILL  
PASS TO YOU FASTEST WAY. MEANWHILE, DISCUSSIONS IN 7 PLUS 7  
G-18, AND BILATERALLY HAVE CONFIRMED DESCRIPTION  
ORIGINALLY GIVEN MTN GENEVA 425, 487, AND 545. BRAZILIANS  
SEEM MORE INTENT THAN EVER ON MAKING THIS AN MTN PROPOSAL  
AND ARE NOT ABOUT TO SEE IT SIDETRACKED IN G-18.  
ACCORDINGLY, WE SUGGEST WASHINGTON BEGIN FORMULATING  
OPTIONS FOR DEALING WITH IT IN MTN CONTEXT.

(B) ASSUMING WASHINGTON DISPOSITION REMAINS AS  
DESCRIBED STATE 36614/1, THESE OPTIONS MIGHT INCLUDE:  
(I) ACCEPTING NEW GROUP GRUDGINGLY AT NEXT MID-YEAR  
TNC AND THEN STONEWALLING ON WORK PROGRAM; (II) TYING  
ACCEPTANCE OF GROUP TO OTHER DEMANDS, SUCH AS ESTABLISHMENT  
OF GROUPS WE WANT (E.G., VARIABLE LEVIES/MIP'S)  
OR MODIFICATION OF TERMS OF REFERENCE TO INCLUDE ITEMS  
WE WANT (E.G., SUPPLY ACCESS OR OTHER SECTION 121  
PRIORITIES); (III) OPPOSING GROUP AT THIS TIME (MID-  
SUMMER) ON BASIS TOO MUCH OTHER WORK UNDERWAY; OR (IV)  
SEEKING SIMPLY TO DELAY DECISION ON ESTABLISHMENT FROM  
MID-YEAR TNC TO YEAR-END TNC.

(C) WE NOT RPT NOT RECOMMENDING ANY OF THESE  
OPTIONS BE ADOPTED IN UPCOMING CONSULTATION, BUT ONLY  
THAT THEY NOT BE FORECLOSED. THIS COULD BE ACCOMPLISHED  
BY STATING: (I) WE AWAIT WRITTEN PAPER FROM AMB  
MACIEL; (II) WE NOT YET CONVINCED GROUP SHOULD BE  
ESTABLISHED; (III) WE INCLINED TO APPROACH GATT REFORM  
ON CASE-BY-CASE BASIS, BUT WOULD NOT WANT TO BE PRECLUDED  
FROM RAISING ISSUES OF INTEREST TO US IN A  
GROUP SUCH AS BRAZIL HAS PROPOSED, IF TNC DECIDES TO  
ESTABLISH THAT GROUP.

### 3. TARIFFS:

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(A) FROM THE BEGINNING OF THE MRN, BRAZIL HAS BEEN  
ONE OF THE MORE ARTICULATE AND FORCEFUL LDCS IN DEMANDING  
SPECIAL PROCEDURES AND DIFFERENTIATED TREATMENT (S&D)  
FOR LDCS IN THE TARIFFS GROUP. ONE OF THE FIRST DOCUMENTS  
SUBMITTED TO THE GROUP WAS A BRAZILIAN WORKING  
PAPER ON SPECIAL PROCEDURES (MTN/W/2, 26 OCT 1973).

AT OCT TARIFFS GROUP MEETING, AS A VARIATION

ON OUR LDC CROSS-NOTIFICATION PROCEDURES, BRAZIL PROPOSED A TWO-STATE PROCEDURE IN WHICH THE FIRST STAGE WOULD BE MULTILATERAL AGREEMENT ON SPECIAL MEASURES AND PROCEDURES TO ENSURE DEVELOPING COUNTRIES OBTAIN ADDITIONAL TRADE BENEFITS FROM THE MTN. THESE MEASURES WOULD INCLUDE DEEPER THAN MFN CUTS AND ADVANCE IMPLEMENTATION OF REDUCTIONS ON PRODUCTS OF INTEREST TO LDCS, IMPROVEMENT AND ENLARGEMENT OF GSP, AND DECREASED TARIFF ESCALATION. THIS AGREEMENT WOULD BE FOLLOWED BY A SECOND STATE WHEREBY LDCS WOULD SUBMIT LISTS OF PRODUCTS TO WHICH THESE PRINCIPLES COULD BE APPLIED. THE DC'S WOULD THEN INDICATE WHICH PRODUCTS ON THIS LIST THEY INTENDED TO EXCEPT FROM CONCESSIONS, AND NEGOTIATIONS ON THESE EXCEPTIONS WOULD BE UNDERTAKEN. (THIS DIFFERS FROM THE US PROPOSAL FOR AN EARLY CROSS NOTIFICATION OF PRODUCTS OF INTEREST TO LDC'S AND DC'S WHICH WAS DESIGNED IN PART TO AVOID QUESTION OF GENERAL PRINCIPLES OF DIFFERENTIATED TREATMENT AND INSTEAD FOCUS ON INDIVIDUAL PRODUCTS.)

(A) BRAZIL ALSO CONTENDS THE PRINCIPLES FOR S&D SHOULD BE AGREED UPON NO LATER THAN AGREEMENT ON A TARIFF-CUTTING FORMULA. MTN DEL RECOMMENDS WASHINGTON REPS URGE BRAZILIANS TO AGREE TO PARTICIPATE IN CROSS-NOTIFICATION PROCEDURE TO--INTER ALIA--BEGIN IDENTIFICATION OF THOSE PRODUCTS OF LDC INTEREST. WASHINGTON REPS MAY WISH POINT OUT THAT TIME AVAILABLE FOR NEGOTIATIONS IS DECREASING AND AGREEMENT ON S&D FOR LDC'S IN THIS AREA IS PREMATURE PRIOR TO AGREEMENT ON TARIFF FORMULA AND, IN ANY EVENT, S&D FOR INDIVIDUAL LDC'S WILL UNDOUBTEDLY BE CONSIDERED ON A CASE-BY-CASE BASIS BY DC'S AS PART OF FINAL AGREEMENT ON TARIFFS PACKAGE.

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(B) MFN VICE GSP. IN PRIVATE DISCUSSIONS, BRAZIL HAS INDICATED THAT IT MIGHT CONSIDER EXCHANGING LINKED, BUT UNBOUND, CONCESSIONS IN RETURN FOR GSP CONCESSIONS BY DC'S IN ORDER TO FINESSE THE DC CONTENTION THAT GSP IS NOT NEGOTIABLE IN THE MTN. THE CONCESSIONS WOULD BE LINKED IN THAT THE WITHDRAWAL OF ONE BY ONE PARTY WOULD RESULT IN THE WITHDRAWAL OF THE OTHER (GENEVA 7176 AND 7391, PARA 3). THIS PROPOSAL WAS REPEATED MARCH 1 BY BRAZILIAN MTN DEL, NOTING THAT THEY HAD RECEIVED "FRESH" INSTRUCTIONS FROM BRASILIA ON THIS ISSUE. RECOMMEND WASHINGTON REPS INDICATE FIRM US OPPOSITION TO SUCH A PROPOSAL. WE ARE ESPECIALLY CONCERNED ON IMPLICATIONS THIS WOULD HAVE WITH EC, WITH WHOM BRAZILIANS HAVE ALSO FLOATED IT. EXTENSION OF EC GSP TO INCLUDE ADDITIONAL BRAZILIAN EXPORTS IN SENSITIVE

TRADE AREAS COULD ADVERSELY IMPACT ON US EXPORTS TO EC, ESPECIALLY OF AGRICULTURAL PRODUCTS.

4. AGRICULTURE: WHILE NOT IN THE FOREFRONT OF THE DISCUSSIONS, BRAZIL HAS PARTICIPATED IN THE WORK OF GROUP AGRICULTURE AND THE SUBGROUPS ON GRAINS, MEAT, AND, TO A LESSER EXTENT, DAIRY PRODUCTS. IN GROUP AGRICULTURE, BRAZIL HAS STAYED OUT OF THE PROCEDURAL DEBATES, BUT DID MAKE A PROPOSAL FOR THE EXAMINATION OF PROCEDURES FOR "SPECIAL AND MORE FAVORABLE" TREATMENT FOR LDC'S (MTN/AG/W/2). THIS PROPOSAL WAS WITHDRAWN IN DECEMBER BUT BRAZIL HAS RESERVED THE RIGHT TO PRESENT IT AGAIN LATER (MTN GENEVA 9310 AND 9118). AS A NET EXPORTER OF FEEDGRAINS (DESPITE BEING A NET IMPORTER OF WHEAT), BRAZIL HAS FAVORED TRADE LIBERALIZATION AS THE BASIS FOR WORK IN THE GRAINS SUBGROUP. BRAZIL HAS EXPRESSED SERIOUS DOUBTS ABOUT THE EC'S PROPOSAL FOR A COMMODITY AGREEMENT AND HAS SAID THAT THE OBJECTIVE OF THE SUBGROUP SHOULD BE TO ELIMINATE EXCESSIVE MARKET FLUCTUATIONS OVER THE LONG-TERM THROUGH THE REMOVAL OF TRADE DISTORTING MEASURES(MTN GENEVA 0693). BRAZIL HAS ALSO SPOKEN IN FAVOR OF TRADE LIBERALIZATION IN THE MEAT SUBGROUP, CRITICIZING THE EC BOTH FOR THE DISRUPTIVE EFFECT ITS BEEF EMBARGO HAS HAD ON WORLD MEAT TRADE AND FOR ITS PROPOSAL FOR "JOINT DISCIPLINES" BY EXPORTERS AND IMPORTERS AS LIMITED OFFICIAL USE

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THE MEANS TO SOLVE THE BEEF PROBLEM. IN DAIRY, BRAZIL HAS BEEN LOW KEY, PROBABLY BECAUSE ITS DOMESTIC AND TRADE POLICIES (AS THE BRAZILIAN DEL SAID DURING THE EXAMINATION OF BRAZIL'S DAIRY SYSTEM) IS AIMED AT INCREASING SELF-SUFFICIENCY, AND BECAUSE THE GOVERNMENT MUST PROTECT THE MANY SMALL AND MARGINAL DAIRY PRODUCERS IN BRAZIL. BRAZIL HAS MADE ONE NOTIFICATION UNDER PROCEDURES AGREED IN GROUP AGRICULTURE (ON EC RESTRICTIONS ON BEEF IMPORTS). BRAZIL MTN DEL KNOWS OF NO GOB INTENTIONS TO MAKE ADDITIONAL NOTIFICATIONS. WASHINGTON REPS MAY WISH NOTE AGREEMENT ON NOTIFICATION PROCEDURES IN AGRICULTURE GROUP WHICH WOULD PROVIDE MEANS GETTING BRAZIL'S TRADE INTERESTS ON TABLE.

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

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AF-06 EA-07 EUR-12 NEA-10 OIC-02 XMB-02 SSO-00 INRE-00

NSCE-00 SAM-01 SIL-01 COM-02 /134 W

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O R 031355Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1214

INFO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SECTION 2 OF 3 MTN GENEVA 1583

H PASS CODEL

PASS STR ELECTRICALLY S/S-O NOTIFY HEFFERAN (395-3500)

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THROUGH THE REMOVAL OF TRADE DISTORTING MEASURES (MTN GENEVA 0693). BRAZIL HAS ALSO SPOKEN IN FAVOR OF TRADE LIBERALIZATION IN THE MEAT SUBGROUP, CRITICIZING THE EC BOTH FOR THE DISRUPTIVE EFFECT ITS BEEF EMBARGO HAS HAD ON WORLD MEAT MEAT TRADE AND FOR ITS PROPOSAL FOR "JOINT DISCIPLINES" BY EXPORTERS AND IMPORTERS AS THE MEANS TO SOLVE THE BEEF PROBLEM. IN DAIRY, BRAZIL HAS BEEN LOW KEY, PROBABLY BECAUSE ITS DOMESTIC AND TRADE POLICIES (AS THE BRAZILIAN DELEGATE SAID DURING THE EXAMINATION OF BRAZIL'S DAIRY SYSTEM) IS AIMED AT INCREASING SELF-SUFFICIENCY, AND BECAUSE THE GOVERNMENT MUST PROTECT THE MANY SMALL AND MARGINAL DAIRY PRO-  
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DUCERS IN BRAZIL. BRAZIL HAS MADE ONE NOTIFICATION UNDER PROCEDURES AGREED IN GROUP AGRICULTURE (ON EC RESTRICTIONS ON BEEF IMPORTS). BRAZIL MTN DEL KNOWS

OF NO GOV INTENTIONS TO MAKE ADDITIONAL NOTIFICATIONS.  
WASHINGTON REPS MAY WISH NOTE AGREEMENT ON NOTIFICATION  
PROCEDURES GETTING BRAZIL'S TRADE INTERESTS ON TABLE.

5. TROPICAL PRODUCTS (TP). BRAZILIAN MTN DELEGATION  
HAS BEEN FERVENT ADVOCATE OF THE PRINCIPLES OF MULTI-  
LATERALITY AND "TRANSPARENCY" IN THE MEETINGS OF TP  
GROUP. THE BRAZILIAN DELEGATE WAS UNHAPPY WITH THE  
AGREEMENT IN THE TP GROUP DURING THE FEB 16-18 MEETING  
TO PERMIT BILATERAL CIRCULATION OF OFFERS DURING THE  
MARCH 1-MAY 15 PERIOD, BUT DID NOT OBJECT TO THE  
CONSENSUS. US TP OFFER TO BRAZIL INCLUDES ONLY ONE  
OF SIX PRODUCTS ON THE ABBREVIATED BRAZILIAN REQUEST  
LIST (165.55, FRUIT JUICES, EX-OUT ON PASSION FRUIT  
JOICE). US TP OFFER, HOWEVER, INCLUDES OFFERS ON  
45 PRODUCTS OF WHICH BRAZIL HAD TOTAL EXPORTS OF  
\$153 MILLION TO US MARKET IN 1974. IT INCLUDES  
156.35 , COCOA BUTTER, WHICH HAD BEEN INITIALLY  
REQUESTED BRAZIL BUT WAS LATER DELETED FROM THEIR  
REQUEST LIST. ALSO IMPORTANT ARE POSSIBLE CONCESSIONS  
ON CASTOR OIL, 176.01 AND 176.02, ON WHICH BRAZIL IS  
EXCLUDED FROM GSP BY COMPETITIVE-NEED LIMITATIONS.  
OTHER MAJOR TRADE ITEMS INCLUDE 155.40, INEDIBLE MOLAS-  
SES, AND BINDING OF PRESENT ZERO DUTY RATE ON SOLUBLE  
COFFEE AND TUNG OIL. MTN DEL RECOMMENDS THAT WASHING-  
TON REPS STRONGLY STRESS THE VALUE TO BRAZIL OF THESE  
POTENTIAL MFN CONCESSIONS AND THAT THIS OPPORTUNITY  
TO LIBERALIZE TRADE BE USED TO ITS MAXIMUM ADVANTAGE.  
FOR THE US TO MAKE THESE PERMANENT CONCESSIONS WILL  
REQUIRE SIGNIFICANT CONTRIBUTIONS FROM BRAZIL. MTN  
DEL WILL REQUEST CONSULTATIONS WITH THE BRAZILIAN  
MTN DELEGATION WITHIN THE NEXT SEVERAL WEEKS TO SEEK  
TO IDENTIFY SUCH POSSIBLE CONTRIBUTIONS.

6. SAFEGUARDS.

(A) BRAZILIAN PROPOSAL REPRINTED IN MEN/3D/5,  
ANNEX 3, HAS NOW BEEN ON TABLE FOR ABOUT TWO YEARS.  
SOME OF SPECIFIC POINTS IN THAT ANNEX ON "PROCEDURES AND  
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MODALITIES" PARTIALLY MET EVEN NOW BY US PRACTICE, WHICH  
YOU COULD POINT OUT TO BRAZILIAN.

(B) AT NOVEMBER MEETING OF SAFEGUARDS GROUP, US  
STATED THAT BLANKET EXCEPTION OF LDC'S FROM SAFEGUARDS  
NOT ACCEPTABLE, BUT THAT WE WERE ATTEMPTING TO RESPOND  
TO LDC DEMAND IN AT LEAST TWO DIFFERENT WAYS: FIRST,  
PRELIMINARY US VIEWS ON GENERAL SHAPE OF IMPROVED SAFE-  
GUARD SYSTEM, INVOLVING MATTERS LIKE ADEQUATE CONSULTA-  
TION AND INFORMATION SHARING, MORE MULTILATERAL SCRU-  
TINY, MORE VISIBLE PROCEDURAL STEPS BEFORE TAKING SAFE-

GUARD ACTION, TIME LIMITS ON SAFEGUARD ACTION, DEGRESSION OF MEASURES, IMPORTANCE OF DOMESTIC ADJUSTMENT, PROVISION FOR NEW EXPORTERS, OPEN DOMESTIC PROCEDURES ("TRANSPARENCY"), CONSIDERATION OF THIRD COUNTRY INTERESTS AND BURDEN SHARING--ALL SUGGESTED US LOOKING FOR BETTER SAFEGUARD SYSTEM CONTAINING MANY OF BASIC FEATURES THAT LDC'S WANT. SECOND KIND OF RESPONSE FORECAST AT NOVEMBER MEETING WAS OUR EXAMINATION (NOW IN PROGRESS, WE BELIEVE) OF AREAS WHERE SPECIAL AND DIFFERENTIAL TREATMENT MIGHT BE POSSIBLE WITHIN A NEW SAFEGUARDS SYSTEM. WE WERE NOT IN POSITION TO ELABORATE WHERE OR WHAT KIND OF S&D WE WERE CONTEMPLATING. BRAZILIAN DEL REPEATED ELEMENTS THEIR EARLIER PROPOSAL (E.G., PRIOR CONSULTATION, MULTILATERAL SURVEILLANCE, INJURY TEST, TIME LIMITS ON SAFEGUARD ACTIONS), AND PRAISED US STATEMENT SAYING HE LOOKED FORWARD TO KNOWING SPECIFICS ON S&D. (IN ABSENCE OF DETAIL, HE MAY HAVE INTERPRETED OUR REMARKS TO MEAN S&D BEING CONSIDERED FOR ALL ITEMS LISTED TO RSXLDMLQUERIES ABOVE.)

(C) GIVEN THAT EVOLVING US IDEAS TEND IN DIRECTION OF SOME (BUT NOT ALL) SPECIFIC POINTS DESIRED BY LDC'S IN NEW SYSTEM, WE THINK IT IS USEFUL TO CONTINUE TO MAKE DISTINCTION DESCRIBED IN (B) ABOVE. SUGGEST WE FIRST CATALOG IDEAS WE FAVOR IN GENERAL SYSTEM DESIGN CORRESPONDING TO LDC DESIDERATA, AND THEN DISCUSS SEPARATE QUESTION OF WHERE AND HOW S&D MIGHT BE PROVIDED. ON LATTER POINT, WE AWARE OF TENTATIVE WASHINGTON THINKING REGARDING OPTIONS FOR ASSURING LDC SUPPLIERS OF SOME MINIMUM MARKET UNDER SAFEGUARD RESTRICTIONS, BUT WOULD SUGGEST FURTHER ATTENTION TO WHETHER S&D POSSIBLE ON PROCEDURAL SIDE AS WELL, E.G., SPECIAL LIMITED OFFICIAL USE

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CONSULTATION PROCEDURES, SPECIAL REVIEWS OF MEASURES IN FORCE, PREFERENCE FOR CERTAIN KINDS OF MEASURES OVER OTHERS (E.G., TARIFFS VERSUS QR'S), COMMITMENTS IN PRINCIPLE REPEAT IN PRINCIPLE TO INCREASED DEGRESSION AND/OR SHORTER TIME LIMITS, ETC., SEVERAL AREAS OF POSSIBILITY WERE DISCUSSED IN GREATER DETAIL IN PARA 3, 75 MTN GENEVA 8440 OF LAST NOVEMBER COMMENTING ON REVISED LDC STRATEGY PAPER.

(D) YOU COULD SUGGEST THAT MANY OF THESE ITEMS WOULD BE ADDRESSED (AND, IN EFFECT, BRAZILIAN PROPOSAL RESPONDED TO) IN OUR CONCEPTS PAPER TO BE TABLED IN LATE SPRING. WE LOOK FORWARD TO DETAILED DIALOGUE WITH BRAZIL ON OUR PROPOSAL AT THAT TIME.

7. QUANTITATIVE RESTRICTIONS (QR'S). BRAZIL IS THE ONLY MAJOR DEVELOPING COUNTRY THAT HAS REFUSED TO CONSULT WITH THE US ON QR'S UNTIL IT IS CLEAR WHAT

"ADDITIONAL BENEFITS" WOULD ACCRUE FOR THE TRADE OF DEVELOPING COUNTRIES. THE BRAZILIAN DEL HERE HAS INDICATED THAT THIS POSITION ORIGINATED IN BRASILIA. MTN DEL HAS RESPONDED THAT WE CANNOT CONSIDER S&D FOR QR'S UNTIL WE HAVE COMPLETED THE INFORMATION GATHERING STAGE AND DETERMINE CURRENT STATUS OF RESPECTIVE QR'S IF BRAZIL DOES NOT PARTICIPATE IN THIS STAGE OF THE PROCESS, IT WILL BE DIFFICULT TO ASCERTAIN WHAT CAN BE DONE IN THIS AREA FOR BRAZILIAN TRADE INTERESTS. MTN DEL RECOMMENDS WASHINGTON REPS URGE BRAZIL TO TAKE A CONSTRUCTIVE ATTITUDE AND AGREE TO PARTICIPATE IN THE BILATERAL CONSULTATION PROCEDURES.

8. STANDARDS. BRAZIL HAS BEEN AMONG THE MOST HELPFUL AND FORTHCOMING LDC PARTICIPANTS IN THE MTN STANDARDS SUBGROUP. AT RECENT MEETINGS, THE BRAZILIAN DEL HAS INCLUDED A STANDARDS EXPERT FROM BRAZILIA. BRAZIL, UNLIKE OTHER LDC'S (SUCH AS ARGENTINA), HAS NOT ARGUED FOR DIFFERENT STANDARDS FOR LDC'S, BUT RATHER FOR SPECIAL LDC PROCEDURES, WHICH HAS BEEN VERY USEFUL IN SUPPORT OF THE US POSITION. WHILE IT APPEARS THAT THE BRAZILIAN ARE FULLY AWARE OF THE INHERENT ADVANTAGES IN THE CODE FOR THEM, THEIR HELPFUL ATTITUDE SHOULD BE ENCOURAGED.  
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9. SUBSIDIES/CVD. ALTHOUGH BRAZILIANS HAVE TABLED A PROPOSAL IN THIS AREA, THEY SEEM CONTENT TO ALLOW OTHERS (US, EC, CANADA) TO TAKE THE INITIATIVE AND ARE ANXIOUS TO LEARN THE RESULTS OF US BILATERAL CONSULTATIONS ESPECIALLY WITH THE EC. BRAZILIANS CONSIDER SECTION IN US CONCEPTS PAPER ACKNOWLEDGING POSSIBILITY OF S&D FOR DEVELOPING COUNTRIES AS POSITIVE ASPECT OF NEGOTIATIONS AND BELIEVE THAT OTHER ELEMENTS OF US FRAMEWORK (READ: PERMITTED LIST) PROVIDE BASIS FOR SERIOUS NEGOTIATIONS. RECENT BRAZILIAN REVISIONS OF EXPORT MEASURES (BRASILIA 10428) THAT INCREASE EFFECTIVE EXPORT SUBSIDIES ON PROGRAMS ALREADY SUBJECT TO US TREASURY CVD ACTION MAY BE VIEWED AS DEEPENING CONTROVERSY ON COUNTERVAILING ISSUE OR, POSSIBLY, AS EVIDENCE OF OPTIMISM FOR SUCCESSFUL NEGOTIATIONS. IF DISCUSSIONS IN WASHINGTON REVEAL FORMER, THEN US COUNTER IS THAT NEW BRAZILIAN MEASURES ESCALATE ISSUE OF SUBSIDIES. IF LATTER ATTITUDE EMERGES, THEN VESTED INTEREST OF

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 STRE-00 USIE-00 AF-06

EA-07 EUR-12 NEA-10 OIC-02 COM-02 XMB-02 SSO-00

INRE-00 NSCE-00 SAM-01 SIL-01 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 /134 W

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O R 031355Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1215

INFO AMEMBASSY BRASILIA

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H PASS CODEL

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10. SECTORS. BRAZIL IS KEEPING ITS OPTIONS OPEN WITH REGARD TO SECTORS. THUS FAR BRAZILIAN SUPPORT OF US REQUESTS FOR SECTORAL STUDIES HAS BEEN INSTRUMENTAL IN ACHIEVING A CONSENSUS OF THE SECTORS GROUP FOR ADDITIONAL STUDIES, PARTICULARLY IN THE METALS SECTOR. OTHER THAN GENERAL REFERENCES TO DIFFERENTIAL TREATMENT, HOWEVER, THE BRAZILIANS, LIKE OTHER LDC'S, HAVE MADE NO SPECIFIC SECTORAL PROPOSALS.

11. SUPPLY ACCESS. ONLY NEW ASPECTS HERE ARE:

(A) RELATIONSHIP TO BRAZILIAN GATT REFORM PROPOSAL (SEE ABOVE) WHERE BRAZIL HOLDING OUT POSSIBILITY OF LIMITED OFFICIAL USE

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SOME PROGRESS ON THIS ISSUE IN CONTEXT THEIR PROPOSED NEW GROUP, IF WE WISH TO PURSUE SUBJECT. WE COULD TAKE REVERSE TACK AND SUGGEST THAT IF THEY WANT PROPOSED GROUP AND MANDATE TO BE ATTRACTIVE TO US, THEY NEED SPELL OUT MORE PRECISELY WHAT THEY ENVISAGE ON SUPPLY ACCESS. THIS NOT LIKELY TO PRODUCE SUBSTANTIVE RESPONSE, BUT AT LEAST WOULD THROW BALL BACK IN THEIR COURT.

(B) US INTENTION TO NOTIFY BROAD SAMPLE OF EXPORT RESTRICTIONS TO GATT NTB INVENTORY, AS WAY OF ENCOURAGING MORE SPECIFIC BUT NON-PREJUDICIAL DISCUSSIONS THIS SUBJECT. FLAGGING THIS FOR BRAZILIANS, HOWEVER, MIGHT MAKE SENSE ONLY IF WASHINGTON WORK HAS PROGRESSED SOMEWHAT. WE UNDERSTAND THAT PLANNED NOTIFICATION EXERCISE HAS BEEN DELAYED BY COMMITMENT OF STAFF AND RESOURCES TO TROPICAL PRODUCTS AND TARIFFS PROPOSALS, BUT RECOMMEND THAT NECESSARY EFFORT BE DIRECTED TO PUTTING NOTIFICATIONS TOGETHER SOON, SO AS NOT TO FOREGO OPPORTUNITY OF USING THEM AS POINT OF REFERENCE FOR ONGOING WORK OF OTHER MTN GROUPS DURING SPRING AND SUMMER.

12. GATT ISSUES PREVIOUSLY REPORTED: ASSUME WASHINGTON WELL VERSED ON OTHER NON-MTN GATT MATTERS SUCH AS:

(A) CONTINUE DISCUSSION OF BRAZILIAN REACTIONS TO US PROPOSAL IN G-18 FOR REFORM OF GATT HANDLING OF BOP ISSUES (GENEVA 1354).

(B) GATT WAIVER TO RENEGOTIATE PARTS OF BRAZILIAN TARIFF SCHEDULE (GENEVA 8783 AND PREVIOUS).

(C) GATT CONSULTATIONS ON RECENT BRAZILIAN IMPORT SUSPENSIONS AND INCREASED IMPORT DEPOSITS (GENEVA 1041).

13. UNCTAD: WE UNDERSTAND BRAZILIAN DEL AT MANILA G-77 PRE-UNCTAD IV MEETING SOUGHT EXEMPT COFFEE FROM UNCTAD INTEGRATED COMMODITIES PROGRAM. HOWEVER, BRAZIL LIMITED OFFICIAL USE

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REPORTEDLY FAVORS COMMON FUND FINANCING OF NATIONALLY HELD STOCKS. BOTH OF THESE POSITIONS REPORTEDLY WERE SOURCE OF STRONG CONTENTION WITHIN G-77 AT MANILA AND WERE ONLY PAPERED OVER BY BRAZIL'S DESIRE TO GAIN SUPPORT ON TRANSFER OF TECHNOLOGY ISSUES. BRAZIL REPORTEDLY IS CONCERNED THAT INTEGRATED COMMODITY PROGRAM COULD

LOCK IN PRESENT PRODUCER-CONSUMER RELATIONSHIPS. WASHINGTON DEL MAY WISH ASCERTAIN DEPTH OF BRAZILIAN COMMITMENT TO THESE POINTS. WALKER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TROPICAL PRODUCTS, TRADE LIBERALIZATION, STANDARDS, LESS DEVELOPED COUNTRIES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MTNGE01583  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760081-0085  
**From:** MTN GENEVA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760399/aaaadjvj.tel  
**Line Count:** 550  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 11  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 47247  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 MAY 2004 by woolflhd>; APPROVED <08 JUL 2004 by morefirh>  
**Review Markings:**

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Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US-BRAZIL CONSULTATIVE SUBGROUP ON TRADE  
**TAGS:** ETRD, BR, US, MTN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006